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# South and East Asia Report

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OFFICIAL REACTION TO STATEMENT BY SINGAPORE'S PRIME MINISTER

Jakarta KOMPAS in Indonesian 28 Nov 80 pp 1, 12

[Article: "Mochtar Doubts Impression of Prime Minister Lee Kuan Yew--Dr Lee Tek Tjeng: The Impression is Correct but not Absolute--Several Possibilities if the U.S. Builds Up Strength Again in SE Asia"]

[Excerpts] Foreign Minister Mochtar Kusumaatmadja expressed doubt in replying to the impression of Singaporean Prime Minister Lee Kuan Yew that the Chinese Communist Party has indicated that it will no longer aid communist parties in ASEAN countries.

"If the position of China is indeed correct, as described by the prime minister of Singapore, Lee Kuan Yew, it constitutes too big a political risk in the international communist movement. That's why I still doubt it," said Foreign Minister Mochtar Kusumaatmadja Thursday afternoon responding to press queries concerning the impressions of Prime Minister Lee gained from his two-week visit to China.

The prime minister of Singapore, Lee Kuan Yew, declared to correspondents accompanying him on his China trip that he gained the impression that the Chinese Communist Party had the desire to sever or freeze its active ties with the communist parties in South East Asia, especially in the ASEAN countries. This impression was gained by Lee Kuan Yew through the use by his Chinese hosts of certain terms in the discussions, certain intonations in their tone and gestures in their bearing.

Foreign Minister Mochtar Kusumaatmadja said that it was very difficult for China to express its position openly. "Because," added the foreign minister, "to make such a statement means more than just a small political risk in the international communist movement." "If this is the case, can relations between Indonesia and China be restored to normal?" asked a journalist. "That's still doubtful," answered the minister.

Mochtar said that he intended to bring up the matter directly, at first hand, with Prime Minister Lee Kuan Yew or the foreign minister of Singapore. However, he said this could not be done in the near future because he had to accompany the president on his visits to Italy and Pakistan beginning next Friday morning.

"Before I make any comments, I had better check it out first, because if it's only due to an unverified account, it would be difficult to base an opinion or commentary on that," said Foreign Minister Mochtar.

In the meantime, an expert on Far Eastern affairs at LIPI (Indonesian Institute of Sciences), Dr Lie Tek Tjeng expressed his opinion that Prime Minister Lee Kuan Yew's impression was correct, but that there was no absolute guarantee. "Because an absolute guarantee in politics is only a dream" he said, responding to questions posed by KOMPAS on Thursday.

He reminded his listeners that the international situation could always change. For the time being, it was possible that China would keep its word, especially while it was still in an adversary relationship with the Soviet Union. According to Dr Lie, China in its present situation does not wish to incur the enmity of ASEAN. "It is not that China likes ASEAN, but rather that it does not wish the ASEAN countries to be driven into the arms of the Soviet Union, or to be subservient to Japan," he said. Because this fact has entered Chinese thinking, in their present situation they are trying to convince the ASEAN countries of their good intentions.

Responding to other questions, Dr Lie Tek Tjeng said that Asia-Pacific nations at present are apparently waiting to see who will be the prospective American Secretary of State and his subordinate, the Assistant Secretary for Asia-Pacific Affairs. The name that is heard most prominently for the latter position is that of Ray Cline who, at present, is on a fact-finding trip to all the Asia-Pacific countries, including the three ASEAN nations of Thailand, Malaysia and Singapore.

It is said that the shape of the foreign policy of the American president-elect Ronald Reagan, as indicated in his campaign, will be determined to a large extent by his choice for secretary of state. For the nations of this region, it will depend on who is selected as assistant secretary for Asia-Pacific affairs.

According to Dr Lie Tek Tjeng, Ray Cline appears to be a strong candidate for the latter office. He was deputy director of the CIA (U.S. Central Intelligence Agency) and CIA station chief in Taipei. Cline is known to be close to Taiwan and is counted among the "advocates of a cold war," although that situation is evidently changing.

Reagan's hard line on macro global politics, according to Lie Tek Tjeng, is acceptable to China as long as it is aimed at the Soviet Union and Vietnam. On the other hand, for China there are important unanswered questions concerning Reagan's plans for a rapprochement with Taiwan, especially if Ray Cline, known to be close to Taiwan, becomes assistant secretary for Asia-Pacific affairs.

According to Lie Tek Tjeng, China until now has had an adversary relationship with the Soviet Union. However, the two countries no longer exchange abusive language towards each other. If Reagan is serious about a rapprochement with Taiwan, which constitutes a sensitive national problem for China, Beijing will surely undertake a "balancing act" by drawing closer to the Soviet Union. The United States, on the other hand, happens to consider it an imperative to improve relations with China in order to secure its Asian rim of defense as a result of developments in Poland. The U.S. fears that if the crisis in Poland extends to other eastern European nations, it will be accompanied by the possibility of American-NATO involvement, should the United States intervene by force in the satellite nations of Europe.

Dr Lie added that some people in the nations of South East Asia view with alacrity the intent of the United States to play a more direct, active role in the region as proposed by Ray Cline. For example, in Thailand which has adopted a harder line toward Vietnam, Cline is known to be close to the present deputy prime minister, Dr Thanat Khoman, who was formerly foreign minister.

Lie Tek Tjeng stated that some people would be pleased when the United States adopts once again a posture of strength in South East Asia. However, he warned that the United States in implementing such a policy would anticipate that the other nations in South East Asia would play an active role in standing up to the USSR and Vietnam. In any case, the U.S. would like for countries such as the ASEAN nations to join it and not just remain inactive. If this happens, what will happen to a nation's foreign policy which is uncommitted and active?

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## INDONESIA

### FOREIGN EXCHANGE RESERVES BOLSTER ECONOMIC DEVELOPMENT

Jakarta TEMPO in Indonesian 20 Dec 80 pp 51-57

[Article: "A \$7 Billion Fuss"]

[Text] The Iraq-Iran war indeed may be causing a fuss, but it also seems to bring an advantage from another point of view. Furthermore, people hope for an increase in the oil price as a result of the OPEC conference in Bali. What is the purpose of foreign exchange holdings which "suddenly increase" in value?

The war between Iraq and Iran is a kind of slow motion film, still going on after 3 months. In the middle of that struggle, the 59th regular conference of OPEC is going on in Bali.

Will an incident occur at the conference between Iran and Iraq? Because of the alphabet, usually they sit next to each other. (Note: the Iranian minister of petroleum in fact was captured by the Iraqi Army on the battlefield, whereas the Iraqi minister has not yet been captured by Iran.) Possibly there will be an incident. However, what is hoped for by many members of the organization of petroleum exporting countries is an increase in the price of oil at the Bali conference.

Minister of Mining and Energy Dr Subroto, who is the president of OPEC, does not reject that possibility. "Just to make up for inflation," he said. Saudi Arabia, which, together with the United Arab Emirates (Abu Dhabi) and Qatar, originally wanted a price freeze, reportedly will not be stubborn if the majority of OPEC members want an increase in the oil price. It is believed that Sheik Zaki Yamani will agree to an increase of up to \$2 per barrel above the fixed price for Arabian Light Crude oil, which is \$32 per barrel.

Indonesia, which has a special kind of oil, certainly will fix the price at a level more than \$2 above the current price. Beginning on 1 December Pertamina increased the premium price from \$2 per barrel to \$3.70 per barrel. A question which was encountered was: this increase alone amounted to an increase in available foreign exchange of \$200 million. It is estimated that this large increase will be received between December 1980, and the end of fiscal year 1980/1981 at the end of March 1981.

Now, if the price of Indonesian oil exports is raised again after the OPEC session in Bali--which, by custom, will enter into effect on 1 January 1981--this will further increase our receipts of oil money. By itself this means that Indonesian foreign exchange reserves will grow further, which clearly also will give rise to a major discussion on dividing it among poor people who suddenly, as it were, have won a lottery.

At the end of last October Indonesian foreign exchange reserves reached almost \$7 billion. This is a rather large increase, compared with the position of the foreign exchange reserves at the beginning of fiscal year 1980/1981, which then amounted to \$4.65 billion. A financial expert firmly stated that these are the largest foreign exchange reserves in the history of the Republic of Indonesia.

There can be no doubt that our economic managers are happy to see our international reserves increase in this way. The coordinating minister for economics, finance, and industry, Dr Widjojo Nitisastro, speaking to Parliament recently, discussed the use of such reserves, much of which come from oil money. "In this way the government has the opportunity to effect savings in the import of food," he said.

The highest economic adviser of President Soeharto also feels more secure, because, "without strong reserves of foreign exchange our economy will easily be subjected to uncertainties resulting from external influences--which could weaken our development effort now."

The reserves of foreign exchange, according to Widjojo, will be used also to treat the question of poverty in the cities and in the countryside, the problem of transportation, and transmigration. It will also be used to construct large-scale projects like the hydrocracker project, the oil refineries in Balikpapan and Cilacap, the methanol project on Pulau Bunyu, and the well-known Olefin project in the Arun LNG field in Aceh.

Discussion of the matter of foreign exchange reserves also became animated not long after the coordinating minister for economics, finance, and industry had spoken before Parliament. It reached a high point when the chairman of the Functional Development group (F-KP), Soegiharto, was quoted as stating proudly that foreign loan assistance "is no longer needed" because the foreign exchange reserves are so substantial.

The remark of the chairman of the F-KP group, as we know, invited a reaction which was not long in coming. Even the general chairman of the Golkar group, H Amir Murtono, who at the time had just returned from Mecca, felt himself forced to withhold his support for the Soegiharto remark--although, according to a number of F-KP members in the younger group, the Soegiharto remark had, in fact, been previously discussed with the F-KP economics team (TEMPO 6 December 1980).

Soegiharto, indeed, did not stand alone. People from outside his group, such as members of the F-PP and F-PDI groups, also supported him. Indeed, President Soegiharto found it necessary to state where things stood in terms of foreign exchange reserves and foreign loans. Many people reportedly were amazed when President Soegiharto, in his impromptu remarks to the Indonesian community in New Delhi, corrected some mistaken opinions in connection with the foreign exchange reserves.

The president said, when he was visiting India at the beginning of this month, "People who do not understand the matter think that our foreign exchange reserves, which have reached a level of \$7.5 billion, can be used by the government without further consideration. However, the foreign exchange reserves cover our imports. On the other hand there is the matter of the confidence of the international world and the banks, who have given us a hand. It could be asked why we didn't use the reserves before."

Indeed, there are many people who, as the president says, do not really understand what foreign exchange reserves are. An economic affairs commentator, Kaptim Adisumarta, writing in KOMPAS at the beginning of December, tried to picture the form of foreign exchange reserves in a popular way. Foreign exchange reserves "are not a steel clothes press full of gold bars and dollar, DM, or Yen currency. Their form is only a consolidation of reserves, a total of all the balances in the form of foreign money, which is held in all the foreign exchange banks overseas and in Indonesia, which are the property of all kinds of groups and people who are registered as residents of Indonesia, including money coming from exports, transfers, airline tickets, or traveler's checks."

The owners of foreign exchange are of various kinds. They may be individuals, foreign and domestic private businessmen, and the government. However, the largest holder of foreign exchange is, of course, the government. The government is the largest recipient of foreign exchange, especially from oil export money. In the budget for fiscal year 1980/1981 can be read the evolution of receipts of oil money, compared with non-oil money.

Money from oil exports will continue to be a mainstay of the Indonesian budget. In 1978, according to figures which were assembled in the published budget for 1980/1981, oil money figures jumped to more than \$7.4 billion. In 1979 receipts from oil exports were more than \$8.87 billion. It can be confirmed that in 1980, which will end shortly, oil money will flow at an increasing rate. Figures collected by the Central Statistical Office (BPS) show that up to July 1980, receipts from oil exports had reached more than \$8.56 billion.

For the last 2 years there has been speculation as to how to use the foreign exchange reserves, which are growing at an increasing rate. When our international reserves reached almost \$7 billion, no less a figure than Coordinating Minister for Economics, Finance, and Industry Widjojo himself acted as if he was scratching his head in some puzzlement. "If we don't have problems, exactly, we also have some kind of problem," he said.

There is a debate between economists concerning the following: are what are called international reserves at an optimum level? It appears that there is no definite answer--or the matter cannot yet be resolved by economics as a science.

The International Monetary Fund (IMF) thinks that a good limit would be foreign exchange reserves which could pay for 3 months of imports. However, the IMF, which is known as belonging to the conservative group, differs from the World Bank in a rather considerable way. "That is an opinion which, in fact, seeks to defend the position of Indonesia in the eyes of IGGI," said an economist in Jakarta. For with international reserves at such a high level as at present, "it is difficult for donor countries to give Indonesia assistance as easily and in such amounts as in the past," he added.

An economist who has just returned from America, says that many people there speculate that the foreign exchange reserves owned by Indonesia now really total \$11 billion. This is a guess which is difficult to prove.

However, why would inflation rise if the reserves were used in Indonesia? "Because our productive capacity is still small," says Dr Hadi Soesastro from the Center for Strategic and International Studies (CSIS). Hadi then pointed to the distribution of population in Indonesia, 80 percent of whom live in village areas. "They really do not take part in the economic system," he said. He considers that the money which is circulating in village areas is only about 20 percent of the total.

Therefore, according to Hadi Soesastro, international reserves which are spent domestically will not make production turn over as quickly as the rise and fall of the currency, which is especially concentrated in the cities. This gives rise to a situation where people as groups collide with goods. That is what inflation is called.

The economist from the CSIS then looked at the use of the reserves from the social aspect. "The income from oil money which we use--and not saved in the form of reserves--is all channeled through the budget." Everyone knows that investment in the sectors of social affairs, education, and health, for example, has effects that can only be felt over a rather long period of time. Only the government can operate on that basis. Therefore while awaiting the completion of action in the social field, inflation is also going on.

Kaptim Adisumarta, in his interview with TEMPO, called the inflation which emerges as a consequence of investment in the social structure, "structural inflation." The question is, the economic commentator remarks, the level of the inflation. "If it is 10 percent, it's all right. If it goes up to 20 percent, it is still all right. However, if it goes to 30 percent or more, that is dangerous," he said.

A careful attitude is displayed by the government in managing the budget. Many observers generally are in agreement that there will be no increase in government expenditures beyond what is provided for in the budget.

Only the subsidy provided by the Food Board [BBM] may exceed the level in the budget. Minister of Finance Ali Wardhana recently stated in Parliament that the BBM subsidy in the first half of 1980 amounted to Rp 600 billion, whereas the budget for the whole year amounted to Rp 800 billion.

However, increased expenditures for BBM subsidies are borne in part by oil receipts, which have turned out to be larger than the original estimates. Originally, it was estimated that receipts from oil exports would be based on a crude oil export price of \$30 per barrel, at the maximum. However, since 1 December alone, 4 months before the end of the fiscal year, the price fixed for Minas crude oil was already \$35.20 per barrel.

This is especially so as oil money has become a matter of betting. That is also why Dr Soedradjad Djiwandono thinks that the windfall which Indonesia will enjoy now must quickly be accompanied by an effort to increase exports in a structural way. "Let's not be lulled to sleep by temporary profits," he says.

Minister of State for Development and the Environment Emil Salim thinks that the oil money income should be used to improve the structural composition of the Indonesian economy. "The key is change from the role of sellers of raw materials to processors of raw materials ourselves. Therefore, industrialization," he says.

In this connection it is interesting to hear the views of Dr Boediono, an instructor in the Faculty of Economics of the University of Gadjah Mada. "Using the wealth from oil must be accompanied by a clear program. If not, there will be a continuous accumulation of foreign exchange reserves," he says. According to Boediono, by holding the reserves in foreign banks, this amounts to giving cheap credit to other countries. "Instead, as we sell goods, we must quickly receive them back in the form of other goods," he said.

Up to a certain point the view advanced by Boediono has been shared by the government. The existence of such large foreign exchange reserves has caused the government to be less rigid in financing several development projects. For the hydro-cracker in Dumai, for example, at first the government thought it would be necessary to seek the financing outside the budget. But now the financing of the project, worth about \$850 million, will be fully handled by the government.

The same thing happened previously to the project for the expansion of the oil refineries at Cilacap and Balikpapan. It appears that the Olefin and Methanol projects will also be financed through the government budget. However, Dr Soedradjad, an economist who graduated from Boston University in the U.S., has a number of reservations about the government projects. He sees that up to now there have been project budgetary remnants (SIAP) of rather substantial proportions at the end of each fiscal year.

The government itself in fact is not unaware of the danger of excessive budgets. With foreign exchange reserves which are rather large, the government apparently does not want to play with loans from foreign banks. Recently, a consortium of banks like the Morgan Guaranty Trust and American Express Bank (AMEX), both of them with headquarters in New York, was happy to seek commercial loans for Indonesia. Banks in Europe and America, which have surplus funds, were happy to offer 10 to 12 year credits with a rate of interest 0.6 to 0.9 percent above the LIBOR (inter-bank interest rate in London), with a grace period of between 3 and 4 years.

However, this may be, Indonesian borrowings are still below the debt owed by South Korea, the Philippines, Malaysia, and Algeria. Venezuela, a member of OPEC, with a daily production of more than 2 million barrels, with a population of about 14 million people, turns out to have borrowed up to \$6,830 million in 1979. Mexico also, which not long ago found substantial quantities of oil, borrowed as much as \$8,234 million last year. The People's Republic of China, which only recently opened its curtains, was able to enter into debts amounting to \$4,395 million. Compared with all of them Indonesia only borrowed \$1,061 million in 1979.

The attitude of Indonesia, which appears to be exceedingly cautious, is really in conflict with business practices. As is the case in the business world, the larger the foreign exchange reserves, the greater the capacity of a country to obtain loans from abroad. Even more to the point is the view of Hamzah Haz, a member of Parliament from the F-PP, who looks on foreign exchange reserves as best used in an effort to expand the debt. This is really the view expressed by the chairman of the P-KP, Soegiharto.

However, Sjafruddin Prawiranegara, former governor of the central bank in 1957, is of the view that, "it is not logical for foreign exchange reserves not to be used. Meanwhile, Indonesia still is entering into foreign loans." In other words, "if we already have a lot of money, we don't need to borrow any more."

The view advanced by the former governor of the Bank of Indonesia indeed expresses the views of many people. However, for the Indonesian government, its attitude of being careful about expanding the commercial debt is not because it follows the line of thought expressed by Sjafruddin. The conservative attitude of the government, as Hadi Soesastro says, is caused by a watchful feeling regarding oil money. "It is true that the oil money is not declining, but it also cannot be said that it will rise continuously, if, for example, a war between Iraq and Iran on a full scale does not break out," he says.

Meanwhile, the war between Iraq and Iran, the slow motion film, still continues. Indonesia is a little bit busy also, smiling.

#### What Happened to "The Korean Boom?"

This is not the first time that Indonesia has had large foreign exchange reserves. Previously, it was because of rubber. However, inflation and the lack of export stimulus dissolved it. There were also political factors.

The Korean War raged at the beginning of the 1950's. The world was concerned because the United States and its allies confronted the Soviet Union and its allies in that small peninsula. However, for the economies of a number of Asian countries the war brought specific advantages. Indonesia experienced what was later called, "The Korean Boom."

During the war rubber rose sharply in price. Sutikno Slamet, now 66 years old, at the time a high official of the Ministry of Finance, recalls that period and says, "Our foreign exchange reserves increased in size, reaching the level of \$500 million." However, he also says, "The increase in the foreign exchange reserves led to domestic inflationary pressures." Substantial foreign exchange reserves increased the propensity to import. Jusuf Wibisono, minister of finance in the Sukiman Cabinet (1951) and later also in the Ali Sastroamidjojo Cabinet (1956), says, "Prior to that, the foreign exchange reserves were fully used to import goods, because we had no other choice." In other words, more consumption goods were absorbed by the market.

However, the "Korean Boom" ended in 1952. The government, which originally was not so concerned about the inflationary consequences, now had to face up to hard facts. Government income--almost all of it from foreign trade--fell quickly, while government expenditures continued to grow.

A striking deficit in the balance of payments occurred in 1952. The effort to bring it under control was insufficient. Domestic price levels rose. Foreign exchange reserves dropped from Rp 6 billion (1952) to Rp 3.6 billion (1953).

In order to overcome the drop in foreign exchange reserves several steps were taken. At the beginning of 1952 the rupiah was devalued to one-third of its former value. Export taxes were collected on a number of items, but at a level which was a little lower than the export taxes previously in effect.

However, these steps were also ineffective. Therefore, import licenses and allocations of foreign exchange were tightened. It was this which was referred to by Sjafruddin Prawiranegara, governor of the Bank of Indonesia in 1957 (he had once been minister of finance, 1949-1950), when he said last week, "Previously, every person who purchased foreign exchange had to have an official certificate."

Several additional steps were taken to discourage imports. Benjamin Higgins, an American professor who closely studied Indonesian economic developments, in an article he wrote in 1957, said: the variable import tariff system, which, it was stated, was intended to "stimulate" imports, in fact was a "system to stimulate Indonesians not to import."

However, throughout the latter part of 1952 this effort began to show results. Importers, for example, were required to pay in advance 50 percent of the value of the merchandise to be imported (this was later raised to 75 percent). The system for controlling the balance of payments was rather effective in easing the pressure on the foreign exchange reserves. In 1953 the reserves declined further to Rp 1.5 billion--thus approaching the target (Rp 1.3 billion).

However, in 1954 a serious crisis in the balance of payments occurred. The Ali Sastroamidjojo Cabinet replaced the Wilopo Cabinet in August 1953. For the purpose of shifting foreign commercial business into the hands of Indonesian businessmen, the Ali Cabinet gave import licenses and foreign exchange allocations to indigenous Indonesian firms called "Benteng" [wild buffalo] companies.

This policy was indeed successful in stimulating a number of Indonesian firms. Its influence was also good in reducing inflation: the easing of foreign exchange allocations caused imports to increase, precisely when purchasing power was going up, as a consequence of the deficit in the budget.

However, corruption, which began to spread as a consequence of the issuance of "special licenses," reduced the anti-inflationary effect intended. Meanwhile, foreign exchange reserves declined to Rp 1.2 billion in the first half of 1954 (the target was only half that).

The government quickly took drastic action. The issuance of import licenses and foreign exchange allocations was very much reduced. Imports sharply declined in 1955. However, this resulted in inflation because an important proportion of the consumption goods of Indonesians came from imports.

The Ali Cabinet was replaced by the Burhanuddin Harahap Cabinet. Its main target was the reduction of inflation, which indeed had reached almost as far as the most remote areas of the country. The Burhanuddin Harahap Cabinet (known by the shorter name of the "BH Cabinet") then simplified import procedures. However, all at once importers had to pay advances of Rp 5 million, in order to ensure payments in foreign exchange and the collection of import duties.

Price stability was indeed achieved. Money available for borrowing fell by 5 percent in just a few months. The cost of imports fell 15 percent during the second half of 1955. The black market in foreign exchange was reduced to manageable proportions.

However, the reduction of the price of a number of goods was accompanied by a decline in foreign exchange reserves. From Rp 2.7 billion at the end of 1955 they declined to Rp 1.25 billion by the end of June 1956. Meanwhile, in the course of 1956 other countries of Southeast Asia succeeded in accumulating large foreign exchange reserves.

Sjafruddin Prawiranegara admits that the tendency to use foreign exchange reserves in the past (during the period of parliamentary democracy) was rather oriented toward the government political parties. "Precisely because of that it was a heavier burden, compared with the present period. During the period of parliamentary democracy, the period in office of a minister was not long, 2 years at the most," he said.

Indeed, there is the view that the policy of the "DH" Cabinet (up to the period of the general elections of 1955) was to attract sympathy for itself by reducing the cost of imported goods. On the other hand the policy line of the Ali Cabinet was to attract sympathy for itself by the issuance of import licenses and allocations of foreign exchange to Indonesian businessmen. However this may be, feelings of dissatisfaction continued to spread regarding a variety of policies which were particularly directed merely toward the question of the balance of payments.

In August 1959, at the time of the decline of the parliamentary democratic system, a drastic monetary change took place. Sutikno Slamet was recalled from Washington, where he was working for the World Bank. He was appointed minister of finance in the Djuanda Cabinet. He carried out a devaluation: Rp 500 and Rp 1000 notes were reduced to 10 percent of their face value. In all banks 90 percent of the deposits above Rp 25,000 were frozen, becoming loans to the government.

This action had results. Foreign exchange reserves increased to about \$300 million, says Sutikno. However, beginning in 1961 the situation weakened again. Indonesian exports after the Korean War continued to decline, among other things because the exchange rate of the rupiah was not realistic, with the result that export income was not encouraged. Meanwhile--as during the period of "Guided Democracy"--the government budget was swollen by arms purchases and "showy" projects.

Therefore, the situation in 1966, when "Guided Democracy" broke down, was that Indonesian foreign exchange reserves were practically non-existent. That situation was repeated 10 years later when the Bank of Indonesia was forced to pay off the short-term debt contracted by Pertamina.

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CSO: 8127

## CHANGES IN MILITARY COMMAND

Jakarta TEMPO in Indonesian 10 Jan 81, Vol 10th Year, No 46, p 9

[Article: "From Widjojo to Wiyogo"]

[Text] The ceremony last Friday was simple and brief, lasting less than 30 minutes. Lt-Gen Widjojo Sujono transferred his post of commander of the 2nd Defense Territorial Command (Java and the Lesser Sundas) to his successor, Lt-Gen Wiyogo Atmodarminto in the presence of more than 10 ranking officers, including the minister of Defense and Security, Gen Jusuf; the commanders of the Military Region Command, Air Region Command and Naval Region Command; as well as the chiefs of police within the whole region of the 2nd Defense Territorial Command.

The transfer of command represents part of a series of changes of key positions within the Department of Defense and Security. Certain quarters regarded the transfer as fairly swift, for it had been generally assumed that no major changes would take place with the approach of the 1982 general election.

Previously, on 27 December, Widjojo Sujono accepted his new post as chief of staff of the Command for the Restoration of Security and Order which had been concurrently held by Gen Yoga Sugama, chief of the State Intelligence Coordination Agency. At about the same time, on 31 December, Wiyogo Atmodarminto transferred his command of the 1st Defense Territorial Command--a post he has held for less than a year--to Lt-Gen Susilo Sudarman. Susilo's erstwhile post of commanding general of Republic of Indonesia Armed Forces Academy was transferred to the ex-chief of National Reserves Center, Maj Gen Jullius Henuhili two days beforehand.

These command changes do not mean a rejuvenation, because the ranking officers concerned are all of about the same age and they belong to the 1945 Generation officer corps. Some of them are graduates of the Yogyakarta Military Academy, such as Wiyogo, 54, and Susilo Sudarman.

The new chief of staff of the Command for the Restoration of Security and Order, Widjojo Sujono, 52, was born in Tulungagung (East Java). He is well-known as a karate enthusiast and is currently chairman of the "Lemkari" national karate organization. This one-time commandant of the Army Para Commando Regiment ("RPKAD" now re-named "Koppasandha") began his military career with the Indonesian Auxiliary Troops (PETA or Pembela Tanah Air, meaning "Defenders of Our Fatherland") during the Japanese occupation period. Twice he held the post of military region commander--Merdeka Military Region and Brawijaya Military Region. When he relinquished the command of the Brawijaya Military Region in 1975, he held a farewell gathering before the general public in Surabaya, which was attended, among others, by 10,000 pedicab drivers.

Apparently Widjojo had no time to bid a similar goodbye before the public this time. "I have to assume my duties in Jakarta shortly, but I will continue to hold dialogues with the public and Moslem scholars as usual," he told our correspondent, Ibrahim Husni, in Surabaya last Monday.

As commander of the 2nd Defense Territorial Command, Widjojo, who adopted a security system through self-will, often organized dialogues with the Moslem scholars indeed. It was also he who changed the term Komando Jihad [Holy Command]—although this term is still used by his fellow officers—into another term he considered more appropriate: Warman Terrorist Movement.

General Yoga Sugama, whose concurrent post of chief of staff of the Command for the Restoration of Security and Order is taken over by Widjojo, remains as chief of the State Intelligence Coordination Agency. It appears however, that he will retire when he reaches 56 years of age in May. As a matter of fact, the State Intelligence Coordination Agency (Bakin) is not regarded as a military organization and a person reaching retirement age may remain in active service there. "But it is better that I retire," Yoga explained after transferring the post of chief of staff of the Command for the Restoration of Security and Order last December. He argued that if he remained as chief of the State Intelligence Coordination Agency, his status would be that of an honorary official for an indefinite period of time. And this, in his view, would jeopardize his 35-year-long service with the Armed Forces.

According to existing regulations, the retirement age limit for a high officer of the Armed Forces is 55 years. However, the president has the prerogative to extend the tenure on an annual basis of officers considered essential to remain in active service. For example, Gen Widodo, former Army Chief of Staff, was one of the ranking officers whose active service was extended.

To the new commander of the 2nd Defense Territorial Command, to be stationed in Yogyakarta is like going back to his hometown. For Yogyakarta is indeed Wiyogo's birthplace. It was in this city, which is famous for its "gudeg" [a kind of spicy food concocted out of jackfruit, coconut milk, chicken and Indonesian spices], that he graduated from the elementary Dutch-Indonesian School, junior and senior high schools. "I's like to live in Yogya when I retire later on," he said. He would not say much about his new duties. "I still have to study the situation first. What is clear is that I'm going to carry on where [my predecessor] Pak Widjojo left off," Wiyogo explained last Monday.

It is anticipated that more changes in command within the Department of Defense and Security will take place in the near future. It is reported that some high and middle echelon officers in the Military Region Command and Military Area Command will be replaced. Some quarters suspect that these forthcoming replacements are related to recent events involving peace and order in Central Java, but others believe that these changes are merely routine.

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CSO: 8127

## NEW LEADERSHIP FOR MARHAENIST LEAGUE

Jakarta KOMPAS 20 Nov 80 pp 1, 9

[Article: "Hardi SH, General Chairman of Marhaenist League--League Not Involved in Political Activism--Gives Greater Life and Implementation to Marhaenism"]

[Excerpts] The Discussion Club of the Extended Family of Marhaenists, abbreviated Marhaenist League, has organized a supervisory council with a general chairman, Hardi SH, and two chairmen: Manai Sophian and Soemali Prawiro Soediryo. The secretary is Steven Latuihamalo and the treasurer, MT Siregar. The members are Drs Suryadi, Abdul Majid, Walujo SH, Drs IGN Gde Djaksa SE, Mrs Ratjih, Sadjarwo SH, Engineer Sartoyo and Muis Hasan.

The Marhaenist League was established on 17 August 1980 after "intensive deliberation based on the desire of all Marhaenists to achieve unity and have an organization of their own." The council of founding fathers is comprised of the surviving founders of the PNI (Partai Nasional Indonesia--Indonesian Nationalist Party) on 4 July 1927, that is, Mr Iskaq Tjokrohadisuryo (age 84), Mr R.S. Budhyarto (age 82) and Prof Mr Sumario (age 78).

According to the press release signed by Hardi SH, it is hoped that the league can arouse once again the life and principles of Marhaenism, the teachings of Sukarno which are identical to Pancasila (founding ideology of the Indonesian state). The Marhaenist League may shortly also publish writings concerning Marhaenism for use simultaneously as a standard and guide by all followers of Marhaenism which comprises the teachings of Bung Karno.

Since the birth of the PDI (Partai Demokrasi Indonesia--Indonesian Democratic Party) formed by the fusion of several political parties, including the PNI, on 10 January 1973, the latter party no longer exists as a separate party. "Since that time we have ascertained that Marhaenism as an ideology, creed and way of struggle for the common people, is no longer cherished or upheld."

"We are convinced that Marhaenism still has validity in promoting the unity of our people and our national development based on the Pancasila and the Constitution of 1945. It is the conviction of the Marhaenists and it is in accordance with our historical development that Marhaenism is identical with Pancasila," said Hardi SH.

The newly established Marhaenist League, according to Mr Iskaq Tjokrohadisuryo, will not undertake political activism and will not follow any special political party or ideology. He added that it would be a big mistake if, in the coming elections, the Marhaenist League were to join the struggle on the side of any political movement. All supporters of the institute have the freedom to vote for whomever they please.

According to Iskaq, this distinction has to be made because the Marhaenist League uses as its symbol the head of a Javanese ox in black within a red triangle, the former symbol of the PNI.

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CSO: 4213

**FRETILIN CC MEMBER SEES PROTRACTED STRUGGLE**

Luanda JORNAL DE ANGOLA in Portuguese 29 Nov 80 pp 1, 10

[Report on press conference with Roque Rodrigues, member of the FRETILIN Central Committee, in Luanda on 28 November]

[Text] Marking the occasion of the fifth anniversary of the proclamation of the Democratic Republic of East Timor, Roque Rodrigues, member of the FRETILIN Central Committee, held a press conference yesterday in Luanda and presented a general accounting of the internal situation in East Timor, which is now occupied by Indonesia.

For 6 years, led by FRETILIN, its revolutionary vanguard and legitimate representative, the Democratic Republic of East Timor has been engaged in a heroic struggle of popular resistance against annexation by the expansionist, reactionary and fascist Suharto regime.

Rodrigues made no secret of the enormous difficulties encountered by the Maubere people in waging a protracted war against an occupation army of 30,000 Indonesian soldiers, difficulties aggravated by the problems in maintaining a military supply line, given the territory's geographic isolation. Nonetheless, Rodrigues stressed that FRETILIN military and political action has been presenting increasingly encouraging results, reflected in the fact that the Indonesians control only about 20 percent of the territory of the Democratic Republic of East Timor.

Describing Maubere resistance at the military level, Rodrigues reported that FRETILIN detachments recently conducted a lengthy attack on the capital city of Dili, one of Indonesia's strongholds in East Timor. Its military garrison is commonly estimated at about 10,000 enemy soldiers, obviously an exorbitant number for a city of 30,000 inhabitants.

**Protracted War**

Rodrigues reported that the patriotic forces of East Timor are prepared for a protracted war, in which FRETILIN gains political and military ground using mobile guerrilla detachments and an intensive operation to politicize the popular masses. The very nature of the terrain, consisting mainly of mountainous

formations suitable for guerrilla activity, favors the Mauberes' resistance struggle for national liberation.

With regard to political administration, it is the policy of the Indonesian occupation forces to keep the Maubere people concentrated in strategic settlements, for more efficient control, and to colonize East Timor through the mass export of Javanese families. According to Rodrigues, the settlement of these families has been made much more difficult by FRETILIN.

The total militarization of political life in East Timor, intensified repression of the population, the obligatory use of the Indonesian language in the schools, the imposition of the Islam faith, the forced removal of children to Djakarta and other actions aimed at the forced annexation of East Timor were among the points Rodrigues stressed to describe the oppressive nature of the foreign presence in his country.

The diplomat pointed out, however, that FRETILIN has recently intensified its politicization of the people, and this mobilization work is already being successfully extended to the areas controlled by the enemy. On the other hand, the morale of the Indonesian troops is becoming very poor because of the internal instability in Indonesia itself, which has recently become more acute.

#### Self-Reliance

As a result of the extreme geographical isolation of the territory, the popular forces and combatants in East Timor must necessarily rely almost exclusively on their own forces. In the liberated zones, a type of strategic production has been organized to alleviate the food supply problems of the resistance forces; at the same time, the traditional medicine and an embryonic industry for production of basic medicines and clothing are under intensive study.

According to Rodrigues, the war is forcing FRETILIN and the Maubere people to become enormously creative in order to survive. Over 70 percent of the territory is patrolled by guerrilla detachments; agriculture is being carried on in the mountainous areas; and extensive cultural and political activity is being conducted clandestinely, through political and military training courses, literacy campaigns and subversive propaganda within the enemy's own military units, which has caused many Indonesian soldiers to desert.

Rodrigues also talked about the Portuguese Government's position in this matter, describing it as having negative and positive aspects. Although it recognizes the Maubere people's right to self-determination and its historical responsibility as the colonizing power and has already brought the problem before the United Nations, the Portuguese Government has still not publicly condemned Indonesia's invasion of East Timor.

Referring to the Portuguese position, the FRETILIN Central Committee member said: "We are willing to have a dialog, but as combatants we prefer concrete acts to good intentions," and added that, first of all, Portugal must demand the immediate withdrawal of Suharto's troops from Indonesia and recognize FRETILIN as the sole legitimate representative of the Maubere people.

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CSO: 4401

## INDONESIA

### MILITARY REINFORCEMENTS PLANNED FOR TIMOR

Luanda JORNAL DE ANGOLA in Portuguese 27 Nov 80 p 12

[Text] In Luanda last Tuesday, Rogerio Lobato, East Timor's minister of defense, claimed that Indonesia plans to strengthen its military force in East Timor by 20,000 to 30,000 men in November and December, to put an end to the FRETILIN [Revolutionary Front for East Timor Independence].

Lobato also stated that the UN Assembly approved a resolution in favor of East Timor, despite Indonesian efforts to isolate FRETILIN. The defense minister added that the East Timor issue remains on the UN agenda for next year.

Lobato also denounced the maneuvers of the imperialists and the Portuguese colonialists to organize a "referendum" in Timor. He declared: "The FRETILIN Central Committee opposes it. We are fighting as an independent country that has been occupied by a foreign power."

Asked about the situation inside Indonesia, Timor's defense minister said the struggle is intensifying in Papua-New Guinea, and that the guerrilla forces in that country had captured an Indonesian colonel and had taken 70 prisoners, 10 of whom were junior officers. The operation was conducted in conjunction with an attack carried out by FRETILIN in Dili, the capital of East Timor, a demonstration of the "coordination between the guerrillas of Papua-New Guinea and the FRETILIN forces," according to Lobato.

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CSO: 4401

## LABOR LEGISLATION FOR DAY WORKERS SUPPORTED

Jakarta KOMPAS 19 Nov 80 p 2

[Article: "Minimal Protection for Short Term/Contract Workers--The Lucky Ones Die Quickly"]

[Excerpts] Until the present time, government efforts to protect day/contract laborers have been minimal. Result is that the position of tens of thousands of these short term laborers is truly heartbreaking.

This matter was brought up by a member of DPR (Indonesian parliament) Commission IV, H. Syarkawie Basrie, at a working meeting held between Commission IV and the director general for regulatory protection in the Department of Labor and Transportation on Monday.

As an example, in the area of Riau there are about 1,500 contract laborers employed by the oil firm PT Caltex, plus another 4000 workers who are permanent employees. The contract laborers work for contractors or subcontractors engaged in projects for PT Caltex.

Although the nature of the work is permanent or continuous, PT Caltex contracts it out to firms through the extension of tenders. In this way, firms who have work contracts with PT Caltex are always changing while the workers they employ remain the same.

Because the Caltex contractors are always changing, while the workers they employ remain the same.

Because the Caltex contractors are always changing, according to Syarkawie Basrie, the unattached day laborers are considered brand new workers without seniority each time they are rehired. This occurs because work experience gained under the previous contractors (those who do not continue with projects for PT Caltex) is not recognized by the new contractor who picks up the project.

Wages earned by these unaffiliated day laborers are very minimal and amount on the average to about 25,000 rupiah per person per month. Permanent Caltex workers, on the other hand, who do the same type of work as the day laborers, earn on the average 150,000 rupiah per month. Thus, wages of permanent versus day workers for Caltex are on a ratio of six to one.

In addition to the striking disparity in wages, the position of these day laborers is also very precarious. They can be discharged at any time by the contractor foremen without due process and without severance pay.

Syarkawie Basrie also contested the previous observations of the minister and officials of the Department of Labor and Transportation who stated that no workers in the lumbering sector were fired or otherwise displaced from their jobs on account of a joint letter of instructions promulgated by the three ministries (of agriculture, industry and trade/cooperatives) last May.

He explained, "It is indeed true that only a few hundred workers were affected officially by the regulatory decision emanating from the joint ministerial letter. However, the workers who were dealt with underhandedly as a result of the official decision number in the tens of thousands.

In East Kalimantan, workers who have lost their jobs as a result of the decision promulgated by the three ministries number about 10,000. In Riau, the number is about 9,000. In Central Kalimantan, the number of workers who suffered the loss of their jobs is not known for certain.

Another member of Commission IV, Tulus Wignyodisastro reported that at the PT Semen Cibinong cement plant (makers of Kujang brand cement) in Bogor District, there hundreds of day workers engaged in the loading of this product. Workers having the status of unaffiliated day laborers are employed by PT WGN which in turn acts as an agent of PT Semen Cibinong.

What is heartbreaking about the workers' plight, aside from the low wages that they receive, is that they are also prevented from organizing themselves into labor unions. "Any worker who would like to establish a labor union would be promptly discharged by the management of the firm," said Tulus.

In addition to this, the working atmosphere at PT Semen Cibinong is not conducive to harmony because of the discriminatory hiring practices carried on by management with respect to the employment of native and non-native or foreign workers.

Another matter brought up by Tulus, the DPR member, concerned the plight of workers on the sugar cane plantations and in the sugar factories of Java. Generally such employees possess specialized work skills or competence acquired as a result of dozens of years experience spent in the sugar industry.

However, their fate, according to Tulus, is no better than the sugar cane from which the juice has been extracted. "When the cane has been squeezed dry, the broken stalks are thrown away." After they have spent themselves totally in the interests of the company, at the end they only receive a pension, on the average, of 3000 rupiah a month.

Moreover, lately there has been an additional development that is of great concern. A number of sugar plantations and factories deliberately pay off employee pensions in a lump sum calculated on a life expectancy, for example, of 10 years. "Therefore, if such a pensioned-off worker dies 5 years later, he shows a profit. Conversely, if the worker dies 15 years after retiring, he outlives his pension and suffers a loss." said Tulus Wignyodisastro.

Syarkawie Basrie and Tulus requested the government (i.e. the directorate general of regulatory protection) to promulgate a policy that would increase the protection and improve the conditions of contract and unaffiliated day laborers.

The director general for regulatory protection, Oetojo Oesman JH, did not respond directly to the report and opinions offered by the two DPR legislators. Concerning the problem of the contract laborers at PT Caltex, he only stated that since the beginning of last September, they had received a 50 percent increase over their previous wages. He added that his people had already suggested to the contractors and their laborers that they formulate work contracts in writing. But the matter was difficult to accomplish, he said.

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CSO: 4213

## POACHING CONTINUES IN INDONESIAN TERRITORIAL WATERS

Jakarta KOMPAS in Indonesian 21 Nov 80 p 12

[Article: "Commander of Operation Thunder: Many Foreign Vessels Still Poaching in Eastern Indonesia--15 More Taiwanese Vessels Apprehended"]

[Excerpts] The commander of Operation Thunder, Commodore Basoeki, declared that poaching by foreign fishermen still goes on in the territorial waters of eastern Indonesia. Many of our fishermen in the area are complaining. There have even occurred clashes between native and foreign fishermen around the Moluccas.

Responding to questions last Thursday, Commodore Basoeki explained that the complaints from fishermen in the waters of eastern Indonesia have not been heard or acknowledged. "Perhaps it's because these complaints have seldom appeared in the newspapers," said the commander of Operation Thunder jokingly.

The KRI Ratulangi, an Indonesian navy warship commanded by navy Commander Soetomo on Monday, 17 November, apprehended another 15 fishing vessels of Taiwanese origin in the waters of the southern Arafuru Sea and the Dobo Island area. The vessels which were suspected of poaching fish were taken to Ambon for examination and submission to the due process of law. It was estimated yesterday that the apprehended vessels were approaching Ambon after an ocean voyage of 300 miles from Dobo.

In addition to Taiwanese vessels, many Japanese fishermen also operate in Indonesian territorial waters. This was proven, according to Commodore Basoeki, during the first period from January to April earlier this year, when Operation Thunder encountered 98 fishing vessels in the territorial waters of Eastern Indonesia. Of this number, 73 were the property of domestic private firms involved in joint ventures (Indonesia and Japan) while the remaining 25 were Taiwanese. Of the total, 28 vessels were detained to be dealt with according to the law.

During the second period, May to August, Operation Thunder stopped and searched an additional 54 fishing vessels. 26 of the vessels were from Taiwan, two from Japan and the remaining 26 were under private Indonesian ownership. Twelve of the vessels were apprehended and detained while an additional 10 vessels were given stern warnings and released since there was no evidence of any violation. The fishing vessels concerned had deadweights varying from 150 to 300 tons and crews of 10 to 20 persons.

In the meantime, violations committed by private Indonesian vessels, according to the commander of Operation Thunder, occur in the number of vessels that are licensed. For example, two vessels are licensed to operate in a given area. The private firm concerned, however, operates five ships instead. In addition, violations occur concerning the territorial limits in which the vessels may operate, as for example, when they fish too close to the beach or coastline.

## STARVATION REPORTED IN FLORES

Jakarta SINAR HARAPAN 25 Nov 80 p 12

[Article: 1,284 in Flores Threatened with Outright Starvation]

[Text] A SINAR HARAPAN source in Eastern Flores disclosed on Monday morning that two villages with a total population of 1,284, in the subdistrict of Wulang Gitang, in Eastern Flores District, were threatened with outright starvation.

The villages concerned are Kobasoma with a population of 620 people or 80 heads of families and Ojandetun with a population of 664 people or 64 heads of families. At the present time, the inhabitants are clinging to life by eating tubers and immature green bananas. According to our source, children below the age of five in the affected villages all have stomachs distended by malnutrition.

The health service of Eastern Flores acknowledged that there were symptoms of malnutrition in the area, while the SINAR source confirmed that the danger of starvation was an annual threat, not only in Kobasoma and Ojandetun but also in other villages in the region. When confronted by this threat, the inhabitants turn to green mangoes for food.

The chief of public health in the governor's office for Nusa Tenggara Timur, Haji Umar S. Bajidi, when contacted by SINAR HARAPAN Monday evening, declared that supplies of food-stuffs in Eastern Flores were sufficient and that district chiefs had been instructed to deliver food wherever it was required by the population.

In the meantime, the chief of the local branch of the department of social welfare for Nusa Tenggara Timur, Mac Frans, declared that the danger of starvation was a routine problem each year in Eastern Flores.

This perennial problem in the region is caused by inhospitable environmental conditions. The dry season is too long and the inhabitants lack the ambition to till the soil.

The chief of the public health service in the office of the district chief of Eastern Flores, Drs Marasdawan, declared that the starvation which struck the two villages in question was caused by a prolonged dry season which destroyed the crops of the people. He added that if rain did not come soon, he feared that food supplies would be depleted and the people would consume seed grain set aside for the next planting.

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CSO: 4213

## BIOGRAPHIC INFORMATION ON INDONESIAN PERSONALITIES

[Unless otherwise noted, the following information on Indonesian personalities has been extracted from Indonesian language sources published in Jakarta.]

**AIR COMMODORE ABDUL KADIR**--The post of chief of staff of Air Region V was transferred on Monday, 17 November 1980, from the outgoing occupant of this position, Air Commodore Abdul Kadir, to his replacement, Col Djoni Herlaut Sumardjono. The transfer ceremony took place in the conference hall of Air Region V, witnessed by the base commanders, senior officers, middle-ranking officers, and invited guests consisting of officers from subordinate echelons of Air Region V. Air Commodore Abdul Kadir was later appointed a senior officer in the Directorate of Training of the office of the chief of staff of the Air Force. Col Djoni Herlaut Sumardjono previously was a staff officer for plans and operations in HANKAM [Ministry of Defense and Security]. After the transfer program was completed, the former chief of staff of Air Region V and his replacement reported to the commander of Air Region V, Air Vice Marshal Sutoyo, in his office. [Text] [Jakarta HARIAN UMUM AB in Indonesian 21 Nov 80 p 6]

**IZAAC HINDOM**--Izaak Hindom (46 years old) was installed in office on Saturday [22 November] as deputy governor of the province of Irian Jaya, replacing Elias Paprindey, who has held that post on an acting basis since 11 March 1977. Minister of Internal Affairs Amir Machmud installed him in office in the headquarters of the governor of Irian Jaya in Jayapura. The new deputy governor is a native of the area, having been born in Adora (Regency of Pak-Pak) on 23 December 1934. He had previously been a member of Committee II in Parliament, representing the Development Fraction from Irian Jaya. This committee reviews matters affecting the Ministry of the Interior, the State Security Service [Penertiban Aparatur Negara], the State Secretariat, the State Administrative Foundation, the State Employees Administrative Body, and the National Archives. He has been a member of Parliament since 1971. Meanwhile, Elias Paprindey, who has experience in the sea transportation field as a ship's captain, was subsequently drawn back to the Ministry of Communications. Before becoming acting deputy governor of Irian Jaya, he was chairman of the Provincial Council of Irian Jaya. In his speech Minister of Internal Affairs Amir Machmud emphasized that it is absolutely necessary to have a deputy governor for Irian Jaya. This decision was reached after consideration of the utility of the position and its usefulness for carrying on the provincial government. Geographic conditions, including the great extent of the territory and the difficulty of communications, the situation

affecting the population and other factors were regarded as problems which will go on for years. "The province of Irian Jaya clearly is a territory which needs a deputy governor, in order to facilitate the implementation of the tasks of the governor, which are considered to be very heavy in developing this province," he said. The minister of internal affairs also recalled that, based on Section 24 of Basic Law No. 5 of 1975, on the "basic principles of government in the outlying regions," the president may appoint a deputy governor when needed. The occupant of the position is selected from state employees who meet the requirements, with the agreement of the presiding officers of the provincial council of the area, without the need to go through an election. He said that the deputy governor performs tasks and his powers based on a delegation of tasks and powers of the governor. When the governor is unable to function, the deputy governor carries on day to day activity. "The presence of a deputy governor in a given province does not mean that in that area there are two heads of the local government," said Amir Machmud. The special and unique character of Irian Jaya, said the minister of internal affairs, required thought and work that was full of the spirit of sacrifice. At the same time it is necessary to work hard to overcome a variety of special, psychological obstacles. All of this constitutes a challenge and obstacles which must be overcome, so that the full potential of the area, which has not yet been employed, can be used to accelerate the progress of the people of Irian Jaya in the totality of national awareness. Raising the level of education of the people and increasing the desire of the people to progress further show that the operations of government in Irian Jaya up to the present have appeared to bring good results. [Text] [Jakarta KOMPAS in Indonesian 23 Nov 80 p 12]

**DR HARIADI SOEPANGKAT**--Minister of Education and Culture Daeud Yoesoef presided over the installation of Dr Hariadi Soepangkat as rector of the Bandung Technological Institute (ITB) in the ITB science conference hall on Saturday [22 November]. The post of rector was previously held on a temporary basis by Prof Doddy Tisna Amidjaja. Prof Doddy, who currently is director general of higher teachers training in the Ministry of Education and Culture, on 2 previous occasions between 1969 and 1976 was acting rector of ITB. For his part Prof Hariadi was previously dean of the Faculty of Mathematics and Natural Sciences at ITB. He was appointed rector in a Presidential Decision Letter dated 29 October 1980. Dr Hariadi Soepangkat was one of the 2 candidates whose names were presented to the president through the minister of education and culture, following a final selection by the Senate of Professors. Dr Hariadi was born in Jakarta on 12 March 1933. He was educated at the Faculty of Exact and Natural Sciences at the University of Indonesia (1956), ITB (1959), Purdue University in the United States (1968 and 1972) and Massachusetts Institute of Technology, also in the United States (1969). He is the father of one child and has had working experience in a variety of fields since 1967. [Excerpts] [Jakarta KOMPAS in Indonesian 23 Nov 80 pp 1, 12]

**ALI MURTOPO**--The departure of Minister of Information Ali Murtopo to the United States this morning [22 November] was only attended by members of his family and close friends. The minister, accompanied by his wife, was traveling to Boston Hospital for a re-examination of his eyes, which were operated on at that hospital 3 years ago. The examination should have been performed a few months ago. However, since he suffered a heart attack not long ago, the original plan was postponed. "Now he is already recovered enough to make such a long flight,"

said an official of the Ministry of Information. As to how long he will be there, "That depends on the results of the examination." [Text] [Jakarta TEMPO in Indonesian 22 Nov 80 p 46]

MRS LASMIDJAH HARDI--There have been some changes in the top level of the Foundation of Consumers' Leagues (YLK). Dr H M Sanusi has left the post of general chairman of the Board of Directors, and Mrs Laemidjah Hardi has now emerged as his replacement. However, as Mrs Laemidjah has said herself, she has never really left the organization, in whose administration she has participated. She had previously functioned in the YLK as deputy chairman. However, during the period when she accompanied her husband--Dr Hardi, a former PNI leader--as our ambassador in Hanoi (1976-1980), her status was that of "Non-active Deputy General Chairman of the Board of Directors," she says. "Now I am in Indonesia. Yes, I am active once again," she says. In fact, she has been active since a meeting of the Board of Directors made a decision on the matter on 3 November. Mrs Hardi, the mother of 2 children, said, "I have never yet received a salary from that organization. Moreover, I follow the principle of living in a simple way. Therefore, I don't need to have much money," she laughed. [Text] [Jakarta TEMPO in Indonesian 22 Nov 80 p 46]

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CSO: 4213

## UDOMSAI PROVINCE ECONOMIC, AGRICULTURAL PROGRESS DESCRIBED

### Population, Cultivated Area

Vientiane SIANG PASASON in Lao 17 Nov 80 p 2

[Excerpts] Oudomsai is a province situated in the north in the center of four provinces, Louang Namtha, Phong Saly, Louang Prabang, and Sayaboury. It has a boundary of 52 km with Thailand and a boundary of 23.500 km with the PRC. It has eight districts, 67 cantons, 757 villages, with 13 ethnic groups and a total population of 170,000.

The people's livelihood has improved day by day, for they turned from individual, scattered production to the path of socialist collectives, which they have established as agricultural cooperatives since 1978. These consisted of a total area of 9,702 hectares in wet-rice fields, with 28,455 members, which is 18 percent of the population of the province. Most of the people of Oudomsai Province do not rely on rainfall as once they did, because the feeder canals and mid-size canals are now built. The many streams, which formerly flowed through the area uselessly, now are directed conveniently to the rice fields stretching out of sight.

In addition to rice, which is their primary crop, they have promoted and expanded livestock raising. In the past 5 years they were able to raise 47,317 water buffalo, 12,227 head of cattle, 2,723 horses, 5,920 goats, 58,570 hogs, and thousands of ducks and chickens.

### Collectivization, Industry Reported

Vientiane SIANG PASASON in Lao 25 Nov 80 pp 2, 3

### [Excerpts] Agriculture

Pressing forward, the industrious people of Oudomsai Province, who determined to build in only 5 years, made their province take on a new aspect from an agriculturally backward place to a progressive and developing area. In 1975 the total area planted in rice was 30,529 hectares, of which 6,830 hectares were wet rice. One hectare produced 2 tons. In 1980 the total rice area was 40,272 hectares, of which 9,712 hectares were wet rice. They harvested nearly 3 tons per hectare. The province also has another 144 hectares in dry season rice. They get more than a ton per hectare. The matter that affirms their progressive attitude is that they turned from individual, scattered cultivation to earn their

livelihood in the form of socialist collectives. They established 90 agricultural cooperative units, working a total of 9,712 hectares of wet-rice fields. Of the 90 units, there were 20 excellent units, 40 average units, and 30 ordinary units. There were no weak units at all.

With the aid of scientific principles and new techniques they had good results, harvesting each year a larger amount of rice. The province is now adequately self-sufficient in rice.

**Forestry:** Oudomsai Province is not only rich in rice and fish, but also in forests, with valuable timber of many kinds, such as *pterocarpus macrocarpus*, *Hopea*, *Dipterocarpus grandiflorus*, *pai pong* [translation unknown], and others. They have now cut a total of 8,988 cubic meters of logs and sawed 6,732 cubic meters of lumber. They put out 10,239 seedlings and planted 6 hectares. The Oudomsai provincial Forestry Department now is surveying the forests in every district of the province.

**Irrigation:** Before liberation the people of Oudomsai Province worked their rice fields with water from canals and streams but the canals in those times were neither permanent nor widespread. When it rained, the rush of water destroyed everything. That caused the clearing and opening of new rice fields to be limited. Now the feeder canals and the mid-size canals are built and are more permanent. In the past 5 years throughout Oudomsai Province there were 475 feeder canals with a total length of 4,746 meters, providing water for 739 hectares. They have completed 95 percent of the construction on two mid-size canals, with a total length of 8,820 meters, providing water for 950 hectares. At present Oudomsai Province, throughout its area, has canal systems for almost all the rice fields, without being dependent on rainfall.

**Industry, Trade:** Before liberation Oudomsai was a province far removed from progress. It could be said that in all the province there were no machine shops, no factories that might be adequate production bases. Today Oudomsai Province has embroidery factories, textile factories, sawmills, brick factories, vehicle repair shops, and other types. These are the foundation, putting Oudomsai on the road to progress, in building socialism firmly in the rural areas.

Trade in Oudomsai Province is developing. In 1978 the state sold to the people goods valued at 3,636,234 kip and purchased from the people forest products worth 466,927 kip. In 1979 the state sold to the people goods valued at 4,723,865 kip and bought from the people forest products worth 588,161 kip. In 1980 the state sales were calculated at 14,310,811 kip and the purchase of forest products at 4,669,564 kip.

Besides the trade within the province, Oudomsai also has foreign sales. Annual exports of raw materials bring the state up to 810,000 kip in revenue.

At present throughout Oudomsai Province there are 11 state stores, which are located in each district. The people have 48 collective stores. Besides this, Oudomsai Province exchanges products with Ha Nam Ninh Province of the SRV, which is a sister province of Oudomsai.

9615

CSO: 4206

# AGRICULTURAL COOPERATIVES, IRRIGATION, RESETTLEMENT NOTED

Vientiane VIENTIANE MAI in Lao 12 Jan 81 pp 1, 2

[Article: "The Expansion of Agriculture, Forestry and Irrigation in the Last 5 Years"]

[Text] The Ministry of Agriculture, Forestry and Irrigation has reported that over the last 5 years throughout the nation there have been more than 2,800 agricultural cooperatives established. This is 25 percent of the farming families, 25 percent of the villages, 52 percent of the cantons and approximately 50 percent of the farming families living in the areas where wet rice farming is done. There are more than 4,000 agricultural cooperative cadres who have been upgraded and trained. There were 10,340 hectares of dry season rice fields cultivated in 1979 and the 1979 harvest figures exceeded those of 1978 by nearly 6,430 tons.

There are approximately 680,000 hectares already under cultivation. Of that an additional 15,000 hectares of wet rice paddies get water from canals, with 5,000 hectares in Vientiane Province alone that use electrically powered water pumps in 17 locations. The Nam Souang irrigation project has been basically completed and can hold 90 million cubic meters of water and will be expanded to 280 million cubic meters in order to irrigate from 7,000 to 8,000 hectares of wet rice fields. Some 10 medium and large agricultural settlements have been built such as at Veun Kham, Dong Bong, Hat Liao, Lat Sen, Tha Teng, Ban Len Na Kai and others.

In livestock raising and veterinary services, animals such as buffaloes, oxen and horses number 1.2 million and when compared with 1975, there has been an increase of more than 200,000. Hogs have increased from 783,000 to more than 800,000.

At the present time the basic effort has been to turn to socialist industrialization step by step. Something which is also the basis for expanding the national economy are the forest resources which include 11 million hectares. Of that, 2 million hectares are large forests. Some 10,000 mountain families have abandoned swidden cultivation and have come down to settle in stable communities in the plains. At the same time the people of the entire nation have paid attention to and shown concern for the forests and have planted trees. For example, in the recent past, they have transplanted nearly 4 million seedlings and have made forests on 760 hectares. In the first 6 months of 1980 alone, they planted 94 hectares, surveyed and exploited more than 90,000 cubic meters of logs or 53.3 percent of the annual plan. This is our nation's export.

CSO: 4206

## BANKING SYSTEM, 1980 BANK DEPOSITS FOR VIENTIANE CITY-PROVINCE DESCRIBED

Vientiane VIENTIANE MAI in Lao 10 Jan 81 pp 1, 3

[Text] In 1980, cadres, soldiers, police and the multi-ethnic people in Vientiane City-Province deposited their savings in the Vientiane City-Province banks and the banks' representatives in the various districts throughout Vientiane City-Province in a cheerful movement.

According to statistics of the Finance and Banking Service of Vientiane City-Province, in the provincial bank alone, in Vientiane Capital the cadres and people deposited savings of 398,565.68 kip. The representative agent bank in Vang Viang had 60,395.00 kip, the bank in Thoulakhom had 46,630.00 kip, the Phon Hong Bank had 63,023.00 kip, the Paksan Bank had 53,227.00 kip, the Hatsaifong Bank had 12,504.00 kip, the Chanthabouli Bank had 255,882.00 kip, the Sisatthanak Bank had 170,506.00 kip, the Sanakham Bank had 14,373.00 kip, the Keo-oudom Bank had 11,225.00 kip, and the Kasi Bank had 1,045.00 kip. The total was 1,089,895.68 kip.

Aside from this, there are 58 savings deposit representatives in the offices and organizations in Vientiane City-Province. But there are 16 units in actual operation. They were able to mobilize the cadres in their units to deposit savings of 42,176 kip. Of that, the best performance was by the savings deposit representative of the State Trade Corporation which had nearly 21,040 kip. In second place was the savings deposit representative of the state hotels with 5,300 kip. In third place was that of the Industry and Trade Service with 4,040 kip.

Deposits of savings by the cadres and people of Vientiane City-Province not only demonstrates their spirit of patriotism and love of socialism, but also contributes capital to the state to use in building and developing a prosperous, rich nation, making the lives of the people and their families better by the day. They also earned interest on their deposits.

CSO: 4206

## RICE TAXES, SALES TO STATE CONTINUE

## Chanthabouli Sales, Taxes

Vientiane VIENTIANE MAI in Lao 17 Jan 81 pp 1, 2

[Excerpt] After the completion of their harvest of the annual wet-rice crop, the members of agricultural cooperatives and the farmers in various places throughout Chanthabouli District [Vientiane] became self-aware and reported the income from their production and brought in rice to pay agricultural taxes to the state diligently and cheerfully.

From the end of November to the present, they have paid 22.205 tons to the state as agricultural tax. At the same time they have brought in their surplus rice to sell to the state. This has amounted to 18 tons.

## Sikhottabong Taxes, Sales

Vientiane VIENTIANE MAI in Lao 15 Jan 81 pp 1, 3

[Excerpts] From November 1980 to 7 January 1981, the members of agricultural cooperatives and farmers in Sikhai, Nong Niao, Sithan Neua and Kao Liao cantons in Sikhottabong District, Vientiane Capital have reported the incomes from their annual wet-rice crop. They have brought in a total of 42.296 tons of rice to pay as agricultural taxes to the state. Also, they brought in their excess rice in order to barter and sell it to the state. This amounted to 31 tons 856.5 kilograms of rice. All of that has been stored in the granaries. At this time, the members of agricultural cooperatives and the farmers of that district are continuing to bring in their rice to pay agricultural taxes and to sell to the state non-stop so as to meet the plan.

## Nasaithong Taxes, Sales

Vientiane VIENTIANE MAI in Lao 21 Jan 81 pp 1, 3

[Excerpt] After completing the harvest of the annual wet-rice crop, from November to December of 1980 the members of agricultural cooperatives and the farmers in nine cantons of Nasaithong District, Vientiane Province have become self-aware to report their harvest income to the cadres and the local district administrative authorities with a spirit of honesty and fidelity. They cheerfully brought in their rice to pay as agricultural taxes and for sale to the state.

Up to now, they have paid agricultural taxes and sold to the state a total of 484.273 tons of rice. Of that, 251.792 tons was tax. The best performance was Nam Kiang Canton which paid some 79.288 tons in taxes and sold to the state 42.982 tons.

#### Paksan Sales, Taxes

Vientiane VIENTIANE MAI in Lao 21 Jan 81 pp 1, 4

[Excerpt] During this year's production season, after satisfactorily reporting the income from their annual wet-rice crop, the agricultural cooperative members and farmers of 10 cantons in Paksan District, Vientiane Province have been diligently bringing in their rice to pay agricultural taxes to the state. This has amounted to 315.892 tons. Song Khon Canton had 66.383 tons, Pak Kading Canton had 40.998 tons, Meuang Mai Canton had 16.911 tons, Sin Sai Canton had 51.586 tons, Na Gnao Canton had 11 tons 807.5 kilograms, Hin Lat Canton had 22.289 tons, Pha Bat Canton had 51.559 tons, Meuang Kao Canton had 24.676 tons, Souan Ya Canton had 24.837 tons, Meuang Bo had 5.746 tons. Aside from that, the agricultural cooperative members and farmers of Song Khon, Pak Kading and Sin Sai cantons brought in their excess rice for sale and barter with the state. This amounted to 48 tons 156.5 kilograms. The best performance was that of Song Khon Canton which sold or bartered nearly 34 tons 948.2 kilograms.

#### Champassak Taxes, Sales

Vientiane KHAOSAN PATHET LAO in Lao 15 Jan 81 p A4

[Excerpts] According to reports of the Champassak Provincial Trade Service, since December 1980, the multi-ethnic people in various localities have become voluntarily self-aware to report the income from their harvests. They have brought in rice to pay as agricultural taxes. They have also brought in excess rice to sell to the state. According to initial figures, the payments of agricultural taxes and sales of rice to the state have amounted to more than 5,527 tons. Of that, more than 4,792 tons were in sales. The best performance was on the part of Phon Thong District which paid taxes and sold 1,946.5 tons to the state.

Presently, the payment of agricultural taxes and sales of rice to the state is actively continuing on the part of the people in that area.

#### Savannakhet Taxes

Vientiane KHAOSAN PATHET LAO in Lao 15 Jan 81 p A5

[Excerpt] Since the beginning of December, the multi-ethnic people of seven districts in Savannakhet Province have joined together to bring in the rice figured from their income from the amount actually harvested to pay as agricultural tax in a spirit of cheer and joy. According to still-incomplete figures, as of the present, the people throughout that province have paid nearly 3,046 tons of rice as agricultural tax. Of that, Champhon District alone had 1,045 tons.

The payment of agricultural taxes in the province was carried out in a spirit of joy and achieved good results. The people are happy that they have played a part in creating funds for the state to use in the task of transforming and building socialism in our country, making it prosperous and strong.

#### Luang Prabang District Taxes

Vientiane KHAOSAN PATHET LAO in Lao 17 Jan 81 p A3

[Excerpt] After completing and storing their dry-field and annual wet-rice crop, in December of last year, the multi-ethnic people of various localities in Phon Sai District, Luang Prabang Province, have diligently brought in the rice calculated from their harvest to pay as agricultural tax. This amounted to more than 122 tons.

#### Saravane Taxes

Vientiane KHAOSAN PATHET LAO in Lao 19 Jan 81 p A4

[Excerpt] Since December 1980, the multi-ethnic people of Saravane and Vapi districts, Saravane Province have become voluntarily self-aware to report the income from their harvest and have diligently brought in their rice to pay as agricultural taxes.

Up to the present, Vapi District has completed paying a total of 1,325 tons and Saravane District has paid 285 tons.

At this time, payments of agricultural taxes by the people in that province are continuing apace.

#### Houa Phan Taxes, Sales

Vientiane KHAOSAN PATHET LAO in Lao 20 Jan 81 p A2

[Excerpt] Since November, the farmers in Siang Kho, Viang Sai, Sam Tai, Sam Neua, Houa Meuang and Viang Thong districts, Houa Phan Province have joined together to bring in the rice calculated from the actual income of their harvest to pay as agricultural taxes in a cheerful and happy manner. Up to now, they have paid a total of more than 108 tons of rice in taxes. Siang Kho District alone has paid more than 53 tons in tax.

Aside from that they also voluntarily brought in the excess rice to sell to the state. This amounted to more than 285 tons of which Siang Kho District had more than 150 tons and Sam Tai District had more than 63 tons.

#### Saisettha Rice Taxes, Sales

Vientiane KHAOSAN PATHET LAO in Lao 21 Jan 81 p A4

[Excerpt] In the morning of 21 January, the people of Saisettha District, Vientiane Capital, happily brought in their rice to pay as agricultural tax in accordance with the actual income from the harvest. This totaled more than

20 tons. Of that, the family of Uncle Chanmi Louanglat paid nearly 1,360 kilograms.

Aside from that, they also volunteered to sell their excess rice to the state amounting to more than 12 tons, of which more than 2 tons was milled rice. They bartered 200 kilograms of rice.

After paying agricultural taxes and selling rice to the state, they organized and mobilized to transport that rice to the granary to insure that it would not get lost or ruined. This showed the thrifty, self-sufficient, and self-reliant spirit of our multi-ethnic Lao people.

CSO: 4206

## LOUANG NAMTHA POPULATION STATISTICS, ECONOMIC DEVELOPMENT NOTED

## Population Figures, Cultivated Area

Vientiane SIANG PASASON in Lao 15 Nov 80 p 2

[Excerpt] Louang Namtha is a province rich in natural resources in the northern part of our country, with eight districts, 55 cantons, 657 villages, and 35 ethnic groups. The total population is 125,091. The province has 11,925 hectares of wet-rice fields, and 3,936 hectares of other cropland. On its northern boundary is the PRC, on the northwest Burma and on the southwest Thailand.

The principal produce of Louang Namtha Province is rice. The people also raise secondary starchy crops, such as man ko [translation unknown], sweet potatoes, taro, peanuts, soybeans, mung beans, and many other vegetables. Valuable products that are exported are lumber, lac, sesame, dates, cardamom, castor beans, mak keuam [translation unknown], animal hides, animal horn and other items, which bring a good revenue to the state. Louang Namtha also has valuable gem mines located at Houai Sai. There are salt mines at Bo Ten that produce enough salt to supply the demand in the province.

Louang Namtha Province not only has abundant natural resources but also beautiful panoramas, which are quite famous. Louang Namtha Province is an important strategic location in the northern region of our nation. It was a stronghold of the revolution in winning victory over American imperialism and its lackeys in the past. Now we are ready to oppose every attack and aggression of the Beijing expansionists.

## Sing District Finances Tribal Resettlement

Vientiane SIANG PASASON in Lao 15 Nov 80 p 3

[Excerpt] During the past century the capitalist feudal system tightly restricted and looked down on the ethnic peoples. Each year the mountain people, the Lao Soung Ko, practiced shifting cultivation producing little, causing famine. The tribal chieftains, like the croak of the frog, spread deceptive propaganda so that the Lao Soung Ko would not come down to cultivate rice paddies. If anyone came to the plain, he saw much water, broad endless plain, and rice fields.

Now under the brilliance of the Lao People's Revolutionary Party, the clever leaders of the Lao workers, desired the people of every nationality and ethnic

group to be content and have fulfillment. They worked according to the policy plan of the Sing District party administrative authority, mobilized the mountain people to turn from shifting cultivation which destroyed the nation's resources, to come down to the plain for permanent cultivation of rice paddies. This is building an economy compatible with the laws of socialism.

In 1976 the Viang Canton administrative authority loaned 280,000 kip (liberation kip) to seven households of Ko people at Ban Pong Kok as capital to clear land for wet-rice fields and to buy production equipment, without charging interest. After they amassed the funds, they repaid the entire sum.

To my question, Comrade Mou Si, a Lao Ko farmer of Ban Son I, said, "The party policy on tribal resettlement in the plain is very good for us Ko people. Now we can again borrow funds and are exempt from agricultural tax for 3 years."

From 1975 to 1980 Sing District resettled 275 households of Lao Soung Ko throughout the plain.

9615  
CSO: 4206

## PHONG SALY POPULATION, AGRICULTURE, SRV AID NOTED

Vientiane SIANG PASASON in Lao 24 Nov 80 p 2

[Excerpts] Phong Saly is a province situated in the northern part of our country, bounded on the north and west by the PRC, on the east by the SRV, and on the south by Oudommai Province. It has five districts and 56 cantons, with a total population of 104,227.

Phong Saly is not only mountainous with many ethnic peoples, but it is a strategic province, militarily and politically. It is a firm stronghold of the revolution as a rallying point for resources and manpower. It was a testing place in the liberation struggle against imperialist aggressors in the past. It is ready now to oppose every trick and every attack by the Beijing expansionists.

Because of the special location of Phong Saly Province, in the past 5 years the imperialists and the Beijing expansionists tried every method to block the advance and self-development in the building of a new life for all the peoples in Phong Saly Province. They stationed an army on the border and sent spies in to spread propaganda in many forms, incite, divide, and disrupt the unity of the nationalities in the province. But in those 5 years the people of Phong Saly not only did not believe the propaganda but improved their armed force to a higher degree of efficiency. All the people became the ears and eyes of the regional armed forces and coordinated closely with them. The guerrilla militia resisted and eliminated every military action and deceitful propaganda.

Phong Saly has more mountains than plains. Consequently all the nationalities for the most part practiced shifting cultivation. Their living depended on nature. In a year of good rainfall, things were better. If there were a year of poor rainfall, there was famine and they were in want. But now all of Phong Saly has taken a new step forward in turning from individual, scattered cultivation to a livelihood in the form of a socialist collective. There are now throughout the province 158 agricultural cooperatives. Of these Khoua District has 16; Mai District 60, Phong Saly District 37, Gnot Ou District 39, and Samphan District 16. In each cooperative they are self-sufficient and depend on their own resources. They have sufficient rice and food supplies.

Although Phong Saly is mostly mountainous, by the decision of the cadres and organization workers assigned to the provincial Industry and Trade Service and with assistance from the SRV, especially Lai Chau Province, which is a sister province of Phong Saly, the trade of this province has been improved and

expanded. There are two permanent stores in the province, located in Khoua District and Phong Saly District. There are also 13 state stores and 80 collective stores of the people. The cantons have 43 units of the latter. Distribution of products to the production bases and in the mountains far from lines of communication has been expanded. This has made the living standards for all the people progressively better each day.

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CSO: 4206

## KHAMMOUAN PROVINCE STATISTICS REPORTED ON OBSERVANCE OF NATIONAL DAY

Vientiane SIANG PASASON in Lao 18 Nov 80 p 2

[Excerpts] Khammouan is one of the 13 provinces of our country and is located at the narrow waist of the nation. It has a total area of 26,400 square km, divided into seven districts, with 109 cantons, 1,134 villages, and a total population of 235,400.

Khammouan is rich in natural resources with 900,000 hectares of forest. In the forests are pterocarpus macrocarpus, xylia kerrii, Hopea, Dipterocarpus grandiflorus and other valuable woods. There are lead mines. The many rivers provide irrigation and hydroelectric power. In addition there are the abundant forest products such as cardamom, lai [translation unknown], jute, ramie and wild animals like the elephant, wild ox, deer, and muntjak.

Agriculture, Forestry, Irrigation: In the past 5 years although they suffered difficulties from the threat of natural disasters, the provincial administrative authorities, that is, the services concerned with the nationalities of Khammouan Province expanded agriculture, forestry, and irrigation. They were able to increase the area of wet rice fields by 4,330 hectares up to 44,300 hectares. To insure their production they united to construct feeder canals and mid-size irrigation systems in many places to provide water for over 1,000 hectares of rice fields. Each year they had hundreds of hectares of dry-season rice.

The agricultural cooperatives, which are the new socialist type of production, now number over 200. The people of Khammouan Province have paid attention to starchy crops, industrial trees, and livestock on a large scale. In 5 years they were able to plant 632,000 fruit trees, harvest over 10 million tons of starchy crops, increase by 6 percent their cattle and water buffalo, compared to 1975. They now have 83,900 water buffalo, 33,990 head of cattle, about 400,000 hogs, and more than 300,000 ducks and chickens. They have sufficient draft power and foodstuffs.

The provincial administrative authority decided that the exploitation, preservation, and maintenance of the valuable forests were major problems. In the past 5 years they were able to exploit 65,500 cubic meters of timber, persuade the people to plant over 87,900 trees and gave to each district responsibility for forest areas. Besides this they rallied the mountain people, who every year destroyed the forest to make fields, to resettle in the plain for wet-rice cultivation, in 16 villages with 765 households.

**Industry, Trade:** In the past 5 years the Khammouan provincial administrative authority decided to improve the textile factories, embroidery factories, foundries, power plants, and sawmills, which are the industrial base. These had been weak points from the old system. They normalized production and met the demand of the people in part.

Although the handicrafts of the people were destroyed by the products of the west, after the liberation all the nationalities of Khammouan Province put great efforts into new production such as iron work, pottery, basket weaving, weaving, and boiling salt.

At present in Khammouan Province there are 26 state stores and 23 collective stores. They are a vital element in raising the living standards of the cadres, workers, and all the nationalities.

**Communication, Transportation:** In the past 5 years the Khammouan provincial administrative authorities by uniting the people was able to build over 1,300 km of feeder roads, build 35 bridges, of which three were steel, the Song Hong Bridge, the Houai Siang Bridge, and the Phit Bridge. Along with that they repaired Route 13, Route 12, and Route 8 to a usable state. Because of these conditions the Transportation Division, which was established after the liberation, now has been able to transport over 20 million tons of goods.

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CSO: 4206

## BRIEFS

SRV-AIDED SALT WORKS--Comrade Et Phommalat, deputy chief of the Ban Khok Sa-at Salt Production Corporation, informed our reporters that at the present time the Ban Khok Sa-at salt mines which are under the Vientiane Industry and Trade Service, can produce more than 8 tons of salt per day. This is good quality salt. He also said that in its production of salt, the plant uses two methods: boiling it in pots and drying it in sunlight (in salt fields). The latter method has been guided by Vietnamese experts who began work in January 1981. The results achieved have been most satisfying. The salt works were built in 1977 and have 6,330 square meters of salt fields and a total of 114 salt boiling pots. There are 28 people actually working and another 49 families who join in the work. [Text] [Vientiane VIENTIANE MAI in Lao 14 Jan 81 pp 1, 4]

YOUTH UNION MEMBERSHIP--At present the Lao People's Revolutionary Youth Organization has 130,000 members, which is 15 percent of all the young people throughout the nation. Within the past 2 to 3 years we were able to expand the net of 2 December youth groups throughout the nation. The 2 December Youth membership is 40,000 or 4 percent of youths between the ages of 6 to 14 years in the country. [Excerpts] [Vientiane SIANG PASASON in Lao 17 Nov 80 pp 2, 3] 9615

CSO: 4206

## CENTRAL BANK ADOPTS MEASURES TO ASSIST RURAL BANKS

Manila PHILIPPINES SUNDAY EXPRESS in English 1 Feb 81 p 16

[Text]

THE Central Bank the other day adopted measures intended to alleviate the financial condition of farmers and other rural bank borrowers affected by the flood in Eastern Mindanao.

The Monetary Board, the CB's policymaking body, allowed the restructuring for a period not exceeding one year, of approximately P168 million worth of matured and maturing debts from the CB of 74 rural banks.

The banks are located in certain provinces and cities in Eastern Mindanao that have been declared calamity areas.

The rediscounting obligations that may be restructured by the rural banks cover both supervised and non-supervised credits granted by them between January 1, 1980 and December 31, 1980.

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IN CASE any restructured account is not fully paid at maturity, the unpaid balance may be covered by a plan of payment conforming to existing guidelines for rural banks.

The board departed from existing rediscounting guidelines by including the 74 banks' non-supervised credit borrowers in its desire to reduce the borrowing cost of rural banks because of their now greater

collection problem.

Of the 74 rural banks, 16 are in Misamis Oriental, 15 in Misamis Occidental, 13 in Davao del Norte, 11 in Bukidnon, six in Surigao del Norte, five in Surigao del Sur, four in Agusan del Norte, two in Agusan del Sur and two in the sub-province of Camiguin.

To ensure that the flow of credit to high-priority productive activities in the calamity areas is not interrupted, the board also decided to allow continued access to rediscounting of the eligible papers of rural banks in the process of restructuring the past-due accounts of their adversely affected borrowers. However, a deadline was set for the completion of the restructuring. The deadline is June 30, 1981.

The board approved the exemption of the rural banks from payment of the five percent liquidated damages on restructured rediscounting obligations and authorized them to likewise exempt their borrowers from payment of the corresponding two percent penalty.

Prior verification/certification from the CB that the non-payment of a loan was due to a natural calamity has been set aside temporarily.

## PHILIPPINES ASSURED OF \$1.2 BILLION AID IN 1981

Manila PHILIPPINES SUNDAY EXPRESS in English 1 Feb 81 pp 16, 15

[Text]

PARIS, Jan. 31 - Philippine Finance Minister Cesar Virata said Friday his country is assured of obtaining official development assistance totalling \$1,200 million from international institutions and donor countries in 1981.

"This will help us implement our development programs and help the economy grow by about 5.8 percent this year and 6.3 percent in 1982," he told a news conference after a two-day meeting of the consultative group for the Philippines at the World Bank's European office here.

A press statement issued after the meeting, chaired by Shahid Hussain, vice president of the World Bank in charge of Asia and the East Pacific, said a "major share" of the Philippines' capital requirements would have to be met by private sources. Last year's ODA commitments totalled about \$1,000 million.

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VIRATA, who set his country's total external debt at about \$12,500 million with debt service running at roughly \$1,000 million a year, said this year's total borrowing requirement would run up to about \$2,500 million.

"We have been able to reach our target for ODA, of about \$1,200 million," he said. The balance would have to be raised either from export

credit agencies or through commercial loans.

Because of current high interest rates, Virata said he did not expect any substantial commercial borrowing before the second half of the year. But he suggested that bank credits in the range of \$400 to \$500 million might be needed.

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THE REMAINDER might be raised through trust companies or through the floating of bills or notes notably on the Japanese, Swiss and German markets, Virata hinted.

The World Bank and the Asian Development Bank will remain substantial sources of ODA to the Philippines. Hussain said the commitments recommended to the World Bank's board in the fiscal year ending next June would total about \$475 million. No figure was given as to ADB commitments.

Among individual donors of ODA, Japan will remain the leading source with "more than" \$200 million this year, while the United States expects to contribute \$86 million for the fiscal year ending next September.

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OTHER donors in the group are Australia, Belgium, Britain, France, Germany, Italy, New Zealand, Spain and Switzerland. India was also represented at the meeting.

Credits were also promised by Denmark and Sweden which are not members of the group.

The press statements issued by the group noted that "despite adverse developments in the world economy," the Philippines achieved a growth rate of 5 percent last year and reduced its rate of inflation, while its current account deficit widened "principally because of the increased cost of oil."

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VIRATA said he expected that inflation, which reached 15 percent at an annualized rate last December, would be reduced to 12 percent this year, stressing that it was mostly due to external factors.

The meeting endorsed the Philippines' economic policies, and the statement said industrial and financial reforms were expected to "lead to long-term improvement in both the balance of payments and the rate of employment creation."

It also agreed with "the desirability" of accelerated domestic energy development, and said "important objectives" include further structural adjustment, a strong public revenue effort, continued reduction of population growth and more balanced regional development. The government was also commended for its commitment to poverty alleviation.

CSO: 4220

## OIL DRILLING SET FOR SAMAR OFFSHORE AREA

Manila PHILIPPINES DAILY EXPRESS in English 29 Jan 81 p 10

[Text]

PHILLIPS Petroleum and partners Shell International and Philippine Oil Development Co. (Podco) will search for oil sometime next month in an offshore area north of Samar island.

The Phillips-Shell-Podco venture is one of 27 wells programmed by foreign and local contractors this year.

The Phillips group is presently drilling Anapog-1 in Tanon Strait in the Visayan Sea. Anapog was spudded on Christmas day last year and its depth is already down to more than 8,500 ft.

The drillers expect to hit a reefal structure at 9,000 ft in a few days. Anapog has a depth target of 12,000 ft. The well is being drilled on the same structure that had oil shows in 1979.

The same consortium also completed detailed seismic surveys in Cebu deep waters and data are now evaluated.

Last year, the Phillips-Shell-Podco group along with Philodrill was granted new offshore areas for exploration in the Mindoro Strait. This group is expected to start extensive marine seismic surveys shortly to evaluate the potentials of the Mindoro area.

IN Jakarta, Pertamina said Indonesia is raising the premium on its benchmark minas medium crude

by 80 US cents a barrel from February 1.

This takes the premium to \$2 and the overall per barrel price for minas to \$37.

The premium on its other main crude, Light Arjuna, rises 50 cents, making that premium also \$2 and the per barrel overall price \$38.45.

The premia apply mainly to about 42 percent of the oil sold to Japan or about 160,000 barrels a day of Indonesia's overall daily production of 1.6 million barrels.

IN WASHINGTON - President Ronald Reagan is said likely to lift the remaining controls of US oil prices by Wednesday.

Reagan campaigned on a pledge to speed up the removal of the controls to help spur US production. Removal of price controls would mean that domestic crude oil prices would be allowed to reach world market levels. The energy department estimates that a barrel of foreign oil sells for an average of \$35, \$12 more than the equivalent amount of domestic crude oil.

The action could raise US gasoline prices as much as 12 cents a gallon, while also adding \$7 billion to the federal treasury through increased

taxes from the oil companies.

IN OFFSHORE Palawan, meanwhile, the Amoco group will re-drill and condition oil wells Cadlao 1 and Cadlao 3 next month to prepare them for production in June.

Amoco will use the semi-submersible rig *Dixilyn Field* 95, according to Oscar Hilado, president of Trans-Asia Oil, one of Amoco's partners in the venture.

The oil field is programmed to start production at an initial rate of 9,000 barrels per day in June.

In addition to the development of Cadlao field, the Amoco group will also drill two exploratory wells near the oil bearing zone.

These wells drilled under service contract No. 6 are Caverina, which is about 4.5 miles east of Cadlao, and Malajon, located north of Cadlao. -- Samuel Sefor, Jr.

## PHILIPPINES

### BRIEFS

**RENEWED FLOODS IN MINDANAO**--In northern Mindanao, relief and rescue operations continue even as heavy rains poured anew in the flooded provinces. The heavy rains forced cancellation of a meeting between PC Chief Major-General Fidel Ramos and local officials in Butuan City. General Ramos helicoptered instead to Cagayan de Oro city for talks with officials there on relief operations. Floods continue to hamper relief operations. To effect more speedy relief work, the government has mobilized some 1,000 disaster brigades in the stricken areas, and reports said some 200,000 flood victims were marooned in many areas and facing starvation unless reached by relief teams in time. In Manila, Human Settlements Minister Mrs Imelda Marcos has ordered the fielding of more medical teams to the flooded provinces to check the spread of diseases. Latest reports said over 5,000 people are sick with various kinds of diseases caused by the prolonged floods. [Text] [HK060436 Manila FEBC in English 0400 GMT 6 Feb 81]

CSO: 4220

GEN SERM TO HEAD UNIFIED SOUTHERN BORDER COMMAND

Bangkok SIAM RAT in Thai 19 Jan 81 pp 1, 12

[Text] The Thai Press Agency has cited reports from military sources saying that it is certain Prime Minister Gen Prem Tinsulanon shortly will appoint Deputy Prime Minister Gen Serm Nakhon, supreme commander as the chairman of the committee to solve problems in the five southern provinces.

The five southern provinces are Songkhla, Satun, Yala, Pattani and Narathiwat.

That plan is part of the improvement and upgrading of the administrative system of those provinces which has been in the preparation stage, but which has not yet been implemented. The administration of the five provinces will be unified in two areas: the control and supervision of civil service commanders [as published], and setting up emergency budgets, by having two levels of responsibility. The high level of responsibility will be that of the deputy prime minister. At the local level in the five provinces, the commanding general of the 4th Army Region will take responsibility under the deputy prime minister.

Tasks that are to be separated among the civilian and military sides are that the civilians will set up headquarters or offices to administer things concerning security in the southern border provinces with development from the southern border provinces' Center for Government Liaison.

The military organization will combine suppression and prevention in all forms, whether bandit-terrorists, communist terrorists or Malay communists. All will be under the same organization. ISOC [Internal Security Operations Command] will be abolished and set up as Civil-Police-Military Center No 43 (CPM 43). This will be the only organization to conduct suppression.

The most important aspect of this plan is that it will be a large-scale upgrading of the civil servants stationed in the five southern provinces, both in terms of absolute punishment and reward.

CSO: 4207

TONGA

BRIEFS

JAPANESE LOAN REPORTED--Tokyo, 7 Feb (KYODO)--Notes were exchanged in Moroni Friday on Japan's extension of grant aid up to yen 350 million to Comoros for a fishermen's rescue project in the country which is located 500 kilometers west of the northernmost tip of Madagascar and which became independent in 1975, the Foreign Ministry said Saturday. It also said notes were exchanged in Nuku'alofa Friday on Japanese extension of grant aid up to yen 450 million to Tonga for a fisheries development project. The ministry said the Comoros Government asked Japan to extend the grant assistance to acquire lifeboats for rescue of fishermen. It said fishermen in the country engage in operations mainly from canoes which frequently capsize leading to the loss not only of the catch but also of the lives of the fishermen. The ministry said the grant aid is being extended to Tonga, lying to the northeast of New Zealand, to enable the country to acquire a fisheries training ship and fishing equipment necessary for a fisheries development project. [OW090103 Tokyo KYODO in English 1049 GMT 7 Feb 81]

CSO: 4220

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